

Message Text

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PAGE 01 VALLET 00138 021031Z
ACTION OPIC-06

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R 021007Z FEB 77
FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 7213

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E.O. 11652: N/A
TAGS: EINV, OTRA, MT
SUBJECT: BENEFICIAL VISIT TO MALTA OF OPIC REPRESENTATIVE

REF: VALLETTA 0092,

1. THE JANUARY 27-29 VISIT TO MALTA BY OPIC DEPUTY VICE PRESIDENT FOR INSURANCE ARVIN KRAMISH WAS GREATLY APPRECIATED BY EMBASSY VALLETTA. IN LIGHT OF THE GROWING GOM CONCERN ABOUT MALTA'S CRUCIAL NEED FOR FOREIGN INVESTMENT, AND BELATED EFFORTS TO SEEK IT, MR. KRAMISH'S VISIT WAS MOST TIMELY. HIS FRANK AND REALISTIC APPRAISAL TO GOM OFFICIALS FO WHAT THE GOM CAN AND CANNOT EXPECT FROM THE US PRIVATE INDUSTRY SECTOR, AND HOW THE INVESTMENT CLIMATE IN MALTA MIGHT BE ENHANCED TO BECOME MORE ATTRACTIVE TO US INVESTORS, SUPPORTED THE EMBASSY'S OWN LONGSTANDING EFFORTS TO HELP THE MALTESE HELP THEMSELVES IN THIS AREA.

2. THE INCREASINGLY OMINOUS NATURE OF MALTA'S ENDEMIC UNEMPLOYMENT PROBLEM, AND THE SERIOUS NEED FOR FOREIGN INVESTMENT TO HELP OFFSET IT, HAS CAUSED THE GOM TO ALTER SOMEWHAT ITS PAST POLICIES, WHICH TENDED LARGELY TO DISCOURAGE SUCH INVESTMENT. THE GOM IS NOW ACTIVELY SEEKING THE ASSISTANCE OF LOCAL BUSINESSMEN, REGARDLESS OF PARTY AFFILIATION, WHICH MIGHT BOLSTER ITS HERETOFORE LACKLUSTER EFFORTS TO ATTRACT INVESTMENT. THERE NOW
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APPEARS TO BE A REALIZATION WITHIN HIGH MALTESE GOVERNMENT CIRCLES THAT MORE POSITIVE ACTION IS REQUIRED TO IMPROVE MALTA'S POSITION IN THE COMPETITIVE RACE WITH OTHER COUNTRIES TO ATTRACT FOREIGN INVESTMENT.

3. UNLIKE MOST DEVELOPING COUNTRIES, MALTA ALREADY HAS THE MEANS (PER CAPITA RESERVES ARE HIGHER THAN IN WEST

GERMANY) TO PROVIDE LOCAL CAPITAL FOR JOINT VENTURES WITH FOREIGN INDUSTRIALISTS. THE MAJOR DIFFICULTY FOR SENIOR GOM OFFICIALS CONCERNED WITH INVESTMENT PROMOTION IS TO PERSUADE PRIME MINISTER DOM MINTOFF THAT THE GOM ITSELF MUST MAKE MORE OF AN EFFORT TO PUBLICIZE MALTA ABROAD, INCLUDING ITS NEEDS AND ITS ADVANTAGES, AND TO OBTAIN MINTOFF'S AUTHORIZATION TO FUND APPROPRIATE PROMOTIONAL PROGRAMS. REPORTEDLY BECAUSE OF ILLNESS, MINTOFF WAS NOT ABLE TO SPEAK DIRECTLY WITH MR. KRAMISH DURING THE LATTER'S VISIT TO MALTA, BUT MR. KRAMISH DID HAVE A NUMBER OF MEETINGS WITH KEY GOM OFFICIALS AND REPRESENTATIVES OF THE PRIVATE BUSINESS SECTOR. THE EMBASSY BELIEVES THAT THESE SESSIONS WERE A HIGHLY USEFUL EXCHANGE OF VIEWS WHICH WILL BE OF CONSIDERABLE FUTURE VALUE TO THE MALTESE.

4. FOREIGN INVESTMENT REMAINS A SIGNIFICANT, PERHAPS ESSENTIAL SOLUTION FOR MAINTAINING THE ECONOMIC INDEPENDENCE OF MALTA AFTER THE WITHDRAWAL OF THE UK MILITARY FORCES IS COMPLETED IN MARCH 1979. THE NATURAL ADVANTAGES MALTA CAN OFFER TO FOREIGN INVESTMENT COULD BE FURTHER ENHANCED BY MORE ENERGETIC GOM ACTION. EMBASSY VALLETTA WILL CONTINUE TO WORK WITH THE GOM TO ENCOURAGE A MORE SUITABLE CLIMATE FOR PRIVATE US INVESTMENT IN MALTA, AND TO ATTRACT SUCH INVESTMENT. CONTINUED ASSISTANCE FROM OPIC TOWARD THIS END WOULD BE MOST USEFUL AND APPRECIATED. LAINGEN

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